

Message Text

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12

ACTION COME-00

INFO OCT-01 ARA-06 ISO-00 EB-07 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 DODE-00 FPC-01 H-01 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /094 W

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R 072005Z DEC 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 9032

INFO AMEMBASSY LA PAZ

AMEMBASSY SANTIAGO

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 10052

E.O. 11652: N/A

TAGS: BENC BR CI

SUBJECT: MAJOR PROJECT-CHILEAN LIQUIFIED NATURAL GAS PLANT

REF: (A) STATE 283925 (B) SANTIAGO 11291

FOLLOWING TELEGRAM PREPARED BY AMCONGEN RIO DE JANEIRO.

1. OIL INDUSTRY SOURCES IN RIO ARE NOT AWARE OF ANY POSSIBLE BRAZILIAN PRIVATE OR GOVERNMENT PARTICIPATION IN A CHILEAN LNG PROJECT, EITHER AS SUPPLIER OF EQUITY CAPITAL OR AS MARKET FOR LNG PRODUCED. SOURCES FEEL THAT BRAZIL IS UNLIKELY TO ENTER INTO SUCH AN AGREEMENT WITH CHILE AT THE PRESENT TIME. OTHER PROJECTS IN THE ENERGY FIELD (ESPECIALLY DEVELOPMENT OF BRAZIL'S OFFSHORE OIL FIELDS) ARE BELIEVED TO HAVE A MUCH HIGHER PRIORITY FOR AVAILABLE FUNDS. FOLLOWING FACTORS ARE CITED TO SUPPORT INDUSTRY VIEW: (A) THE AMOUNT OF MONEY REQUIRED FOR SUCH A PROJECT WOULD BE SIGNIFICANT EVEN IF BRAZILIAN INVESTORS ASSUMED ONLY A RELATIVELY SMALL PERCENTAGE OF TOTAL COST (INCLUDING CONSTRUCTION OF INSTALLATIONS IN BRAZIL TO RECEIVE AND PROCESS THE LNG, IF IT IS TO BE MARKETING HERE); (B) A LONG-LEAD-TIME IS TYPICALLY REQUIRED FOR COMPLETION OF AN LNG PROJECT, WHILE BRAZIL'S MOST PRESSING ENERGY REQUIREMENTS ARE SHORT (AND MEDIUM) TERM:

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(C) IN SPITE OF DIFFICULTIES ENCOUNTERED, BRAZILIAN DISCUSSIONS

WITH BOLVIA COULD LEAD TO SUPPLY OF AT LEAST SOME BRAZILIAN
MARKETS BY BOLVIAN ANTURAL GAS-THIS GAS COULD BE MADE AVAILABLE
MORE QUICKLY, AND PROBABLY AT LOWER COST THAN CHILEAN LNG.
CRIMMINS

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Message Attributes

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Margaret P. Grafeld
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